

77-6588/A

Honorable Melvin Price, Chairman
Committee on Armed Services
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in response to your request for the views and recommendations of the Central Intelligence Agency on H.R. 3829, "The Federal Ethics and Financial Disclosure Act of 1977."

Section 205 of the bill contains a provision requiring Federal employees who are compensated at or over the grade of GS-16 salary level to file financial statements with the proposed Commission on Ethics and Financial Disclosure. Section 205(a)(4), however, gives the President authority to exempt individuals in intelligence agencies, including the CIA, from the requirement of filing reports with the proposed Commission on Ethics and Financial Disclosure if the President finds that public disclosure "...would reveal the identity of an undercover agent of the Federal Government." In those cases, the exempted employees are to file the financial statements with the head of the agency involved.

I feel that this may be too narrow an exemption and may expose top officers of the intelligence agencies to detrimental outside pressures or scrutiny.

I prefer the wording in S. 1446, the financial disclosure bill submitted by the President on 3 May 1977. This bill provides for the filing of financial disclosure statements by top officials of the CIA and other intelligence agencies with the head of the agency or department involved, rather than with the proposed Office on Government Ethics. S. 1446--properly in my view--does not distinguish between employees in these agencies who are under cover and those who are not.

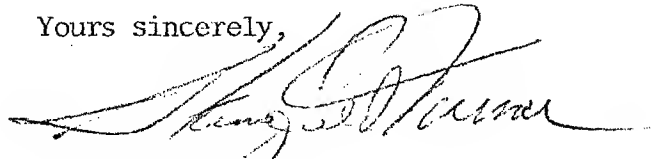
A second area of concern is title I of the bill, which is written very broadly and prohibits "any conduct" that would "present to the public an appearance of impropriety." The broad provisions of title I, coupled with the investigative, hearing and reporting requirements of section 303, may present particular problems for this Agency as they

Congress

might be construed to conflict with existing law. In the course of any legitimate Government activity, including that of the CIA, the "appearance of impropriety" may result. An employee of this Agency whose activities did create an appearance of impropriety to anyone in the world then could be subjected to the procedures in section 303. The National Security Act of 1947 requires the Director of Central Intelligence to protect intelligence sources and methods, and the CIA Act of 1949 exempts the Agency from disclosing the names, titles, salaries and other information on Agency employees. Furthermore, there exists a specific mechanism for congressional oversight of the Agency's activities. We welcome the opportunity to work with appropriate staff members concerning these problems.

The Office of Management and Budget has advised there is no objection to the submission of this report from the standpoint of the Administration's program.

Yours sincerely,



STANSFIELD TURNER

Washington, D.C. 20505

Honorable Melvin Price, Chairman
Committee on Armed Services
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in response to your request for the views and recommendations of the Central Intelligence Agency on H.R. 3829, "The Federal Ethics and Financial Disclosure Act of 1977."

Section 205 of the bill contains a provision requiring Federal employees who are compensated at or over the grade of GS-16 salary level to file financial statements with the proposed Commission on Ethics and Financial Disclosure. Section 205(a)(4), however, gives the President authority to exempt individuals in intelligence agencies, including the CIA, from the requirement of filing reports with the proposed Commission on Ethics and Financial Disclosure if the President finds that public disclosure ". . . would reveal the identity of an undercover agent of the Federal Government." In those cases, the exempted employees are to file the financial statements with the head of the Agency involved.

This exemption protects from disclosure the fact that certain employees who are ostensibly employees of other Government agencies or employees in the private sector are in fact associated with intelligence agencies of the U.S. Government. These cover arrangements are essential to operate a clandestine intelligence service and to carry out one of the Agency's principal missions. The exemption does not, however, recognize certain other security considerations of equal and broad significance.

For example, many persons in the Government, especially intelligence personnel, have access to highly sensitive information that would be extremely valuable to foreign intelligence services. Attempts have been made by foreign intelligence services to recruit such employees. The disclosure of the financial status of such personnel would clearly assist the intelligence services of other countries in identifying U.S. Government employees for possible recruitment. This consideration applies to all personnel in national security-related areas whether or not their positions are publicly identified as such.

Congress has recognized that the Agency's ability to accomplish its unique mission would be jeopardized by the public disclosure of the names and certain other information concerning its employees. Section 6

of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403g) states that in order to implement the statutory responsibility of the Director of Central Intelligence to protect intelligence sources and methods from unauthorized disclosure under 102(d)(3) of the National Security Act of 1947, the Agency will be exempt from the "provisions of any other law which requires the publication or disclosure of the organization, functions, names, official titles, salaries, or numbers of personnel employed by the Agency." H.R. 3829 is incompatible with section 6 of the Central Intelligence Agency Act of 1949. We request that the Committee include an exemption for intelligence personnel that will reflect the considerations discussed above.

In this regard, Mr. Chairman, I would solicit your attention to the provisions of S. 1446, the financial disclosure bill submitted by the President on 3 May 1977. This bill provides for the filing of financial disclosure statements by top officials of the CIA and other intelligence agencies with the head of the agency or department involved, rather than with the proposed Office on Government Ethics. S. 1446--properly in my view--does not distinguish between employees in these agencies who are under cover and those who are not.

A second area of concern is title I of the bill, which is written very broadly and prohibits "any conduct" that would "present to the public an appearance of impropriety." The broad provisions of title I, coupled with the investigative, hearing and reporting requirements of section 303, may present particular problems for this Agency as they might be construed to conflict with existing law. In the course of any legitimate Government activity, including that of the CIA, the "appearance of impropriety" may result. An employee of this Agency whose activities did create an appearance of impropriety to anyone in the world then could be subjected to the procedures in section 303. The National Security Act of 1947 requires the Director of Central Intelligence to protect intelligence sources and methods, and the CIA Act of 1949 exempts the Agency from disclosing the names, titles, salaries and other information on Agency employees. Furthermore, there exists a specific mechanism for congressional oversight of the Agency's activities. We welcome the opportunity to work with appropriate staff members concerning these problems.

The Office of Management and Budget has advised there is no objection to the submission of this report from the standpoint of the Administration's program.

Yours sincerely,

STANSFIELD TURNER

SUBJECT: Letter to Chairman Price, House Committee on Armed Services,
on H.R. 3829, "The Federal Ethics and Financial Disclosure Act of 1977"

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SUBJECT: (Optional)

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FROM: Legislative Counsel
6C19 HQ

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COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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13 MAY 1977

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Chairman Price, of the House Armed Services Committee, has requested our views and recommendations on a bill that would require Federal employees who are GS-16 and above to file financial statements with the proposed Commission on Ethics and Financial Disclosure. We have a limited exemption; the President may exempt certain individuals for national security reasons. Since we feel that this exemption does not recognize other security considerations, we are asking for a blanket exemption for intelligence employees.

The bill also addresses the issue of ethical conduct of Federal employees. The standard is vague and broad and would cause the Agency some problems.

If you approve the attached letter, it will be sent to OMB for Executive branch clearance prior to transmittal to Congress.

We have already provided Chairman Price with an interim response indicating that he will have our views as soon as they have been appropriately coordinated within the Executive branch.

George L. Cary
Legislative Counsel

Coordinated with: DDI, DDA,
O/SA/DO/O, OGC, AD/DCI/IC.

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FORM 3-62

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U.S. House of Representatives

COMMITTEE ON ARMED SERVICES

Washington, D.C. 20515

NINETY-FIFTH CONGRESS

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March 9, 1977

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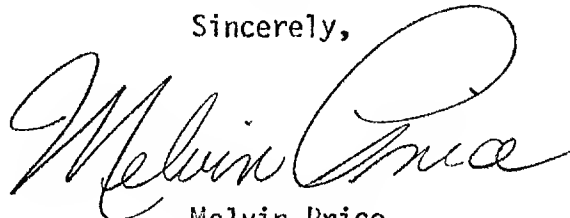
77-6555

Honorable Enno H. Knoche
Acting Director
Central Intelligence Agency
Washington, D. C. 20505

Dear Mr. Knoche:

The views and recommendations of the Central Intelligence
Agency are requested on H.R. 3829, copies of which are enclosed.

Sincerely,



Melvin Price
Chairman

MP:ik
Enclosures

95TH CONGRESS
1ST SESSION

H. R. 3829

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 22, 1977

Mrs. SCHROEDER (by request) introduced the following bill; which was referred jointly to the Committees on the Judiciary, Post Office and Civil Service, Armed Services, and Standards of Official Conduct

A BILL

To establish a Commission on Ethics and Financial Disclosure for Officers and Employees of the Federal Government, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Federal Ethics and
4 Financial Disclosure Act of 1977".

5 TITLE 1—ETHICAL CONDUCT

6 SEC. 101. This title may be cited as the "Federal Ethics
7 Act of 1977".

8 SEC. 102. DEFINITIONS.—For purposes of this title:

9 (1) The term "employee" includes the President of
10 the United States, the Vice President of the United States,

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Remarks:

3637 (7-76)

DJ Executive Secretary
10 MAR 77
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Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT OPERATIONS

2157 Rayburn House Office Building

Washington, D.C. 20515

March 7, 1977

Executive Registry

77-6558

Honorable Stansfield Turner
Director
Central Intelligence Agency
Washington, D. C. 20505

The committee herewith submits to you the enclosed
bill, H.R. 4173, upon which the committee
would appreciate a prompt report, together with such
comment as you may desire to make.

Will you kindly transmit your reply in triplicate.

Respectfully,

Jack Brooks
Chairman.

Enclosure.

EX-100

Congress

95TH CONGRESS
1ST SESSION

H. R. 4173

IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 1977

Mr. DELLUMS introduced the following bill; which was referred jointly to the Committees on Armed Services, the Judiciary, Government Operations, and Ways and Means

A BILL

To reorganize the intelligence community of the executive branch of the Government, create an Intelligence Research and Analysis Agency, and prevent future intelligence abuses by Federal agencies, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act, together with the following table of contents,
- 4 may be cited as the "Omnibus Intelligence Community
- 5 Reorganization and Reform Act of 1977".

TABLE OF CONTENTS

TITLE I—FOREIGN INTELLIGENCE COMMUNITY

PART A—NATIONAL SECURITY COUNCIL

Sec. 101. Membership.

Sec. 102. Committee on Foreign Intelligence.

Sec. 103. Foreign Activities Committee.

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14	D/S				
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Remarks:

Executive Secretary

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